

## Message Text

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ACTION EUR-12

INFO OCT-01 EA-07 IO-13 ISO-00 AID-05 CEA-01 CIAE-00

COME-00 EB-07 FRB-03 INR-07 NEA-10 NSAE-00 OPIC-03

SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 AGRE-00 OMB-01

OES-06 FEA-01 SS-15 NSC-05 STR-04 XMB-02 DODE-00

NSCE-00 SSO-00 USIE-00 INRE-00 /111 W

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FM AMEMBASSY HELSINKI

TO SECSTATE WASHDC IMMEDIATE 0572

INFO USMISSION OECD PARIS IMMEDIATE

AMEMBASSY ANKARA

AMEMBASSY ATHENS

AMEMBASSY BERLIN

AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY BUCHAREST

AMEMBASSY BUDAPEST

AMEMBASSY CANBERRA

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LISBON

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY OTTAWA

AMEMBASSY MOSCOW

AMEMBASSY OSLO

AMEMBASSY PARIS

AMEMBASSY PRAGUE

AMEMBASSY REYKJAVIK

AMEMBASSY ROME

AMEMBASSY SOFIA

AMEMBASSY STOCKHOLM

AMEMBASSY THE HAGUE

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AMEMBASSY TOKYO

AMEMBASSY VIENNA  
AMEMBASSY WARSAW  
AMEMBASSY WELLINGTON  
USMISSION EC BRUSSELS  
USMISSION GENEVA  
USMISSION NATO  
USMISSION IAEA VIENNA

C O N F I D E N T I A L HELSINKI 2157

E.O. 11652: GDS  
TAGS: EGEN, EEWT, EFIN, OECD, FI  
SUBJECT: US EAST-WEST INITIATIVE IN OECD: FURTHER FINNISH  
REACTION

REF: A) STATE 244132, B) HELSINKI 2151 (NOTAL)

1. SUMMARY: PAAVO RANTANEN OF MFA, WHO WILL HEAD FINNISH DELEGATION TO XCSS MEETING, CONVEYED FURTHER, MUCH LESS POSITIVE RESPONSE TO US PROPOSALS THAN INITIAL REACTIONS OF YRJO-KOSKINEN REPORTED REFTEL B. RANTANEN BY AND LARGE COULD ACCEPT US PROPOSALS FOR ANALYTICAL WORK BUT REJECTS ALL REFERENCE TO COORDINATION OF OECD MEMBERS' POLICIES. HE MADE CLEAR THAT AT MEETING HE WOULD HAVE TO OPPOSE US PROPOSALS AS CURRENTLY FORMULATED, BUT INDICATED HE COULD SUPPORT A PROGRAM CONFINED TO ANALYSIS THAT WOULD HELP COUNTRIES FORM THEIR OWN POLICIES AND THAT WERE ORIENTED TOWARD EXPANSION OF EAST-WEST ECONOMIC RELATIONS. END SUMMARY.

2. EMBASSY ECONOMIC COUNSELOR CALLED ON PAAVO RANTANEN, DIRECTOR, TRADE POLICY DIVISION, MFA, AT RANTANEN'S REQUEST. RANTANEN'S PURPOSE WAS TO PROVIDE FURTHER, MORE EXTENSIVE AND CRITICAL COMMENTS ON US PROPOSALS THAN THOSE CONVEYED BY YRJO-KOSKINEN EARLIER. EXPRESSING HOPE THAT HIS FRANKNESS WOULD NOT BE MISUNDERSTOOD, HE MAINTAINED THAT AT OECD MINISTERIAL IN JUNE THE SECRETARY HAD DISCUSSED EAST-WEST ECONOMIC RELATIONS IN A VERY "POLITICAL" WAY, GIVING RISE TO APPREHENSIONS ON PART OF FINLAND AND SOME OTHERS. AT THE JULY XCSS MEETING, THE  
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SAME REACTIONS WERE AGAIN ENGENDERED. FINLAND HAD RESPONDED BY ADVOCATING A "PRAGMATIC" APPROACH THAT WOULD AVOID POLITICAL MISUNDERSTANDINGS, IN PARTICULAR A SENSE OF "GANGING UP" AND CONFRONTATION. HE STRESSED HIS VIEW THAT IN FORMULATING PROGRAM IT WOULD BE VERY IMPORTANT TO AVOID PREJUDGMENT THAT RESULTS WOULD PROVIDE BASIS FOR COORDINATION OF POLICIES BY OECD COUNTRIES. FINLAND WOULD IN FACT TAKE THE VIEW THAT SUCH A WORK PROGRAM

SHOULD NOT LEAD TO COORDINATION BUT RATHER SHOULD HELP INDIVIDUAL COUNTRIES FORM OWN POLICIES. HE ADMITTED THOUGH THAT US PROPOSALS CONTAIN "INTERESTING THEMES."

3. RANTANEN'S COMMENTS ON SPECIFIC ELEMENTS OF THE PROGRAM PROPOSALS WERE AS FOLLOWS:

A) GENERAL - RANTANEN BELIEVES THAT THE MAJOR GENERAL TRENDS AND DYNAMICS WHICH UNDERLINE EAST-WEST ECONOMIC RELATIONS COULD BE USEFULLY EXAMINED. HOWEVER, REFERENCE TO EXAMINATION OF FEASIBILITY AND IMPLICATIONS OF GREATER EASTERN INVOLVEMENT IN GLOBAL ECONOMIC INSTITUTIONS STRUCK HIM AS INAPPROPRIATE BECAUSE INTRUDING INTO POLICY SPHERE OF EASTERN GOVERNMENTS.

B) AGRICULTURE - RANTANEN COMMENTED THAT THIS COULD BE A USEFUL SUBJECT FOR ANALYSIS BUT QUESTIONED WHETHER THERE WOULD BE DUPLICATION OF FAO'S WORK.

C) ENERGY - RANTANEN EXPRESSED STRONG RESERVATIONS CONCERNING THE INCLUSION OF ASSESSMENT OF BREZHNEV'S CALL FOR AN ALL-EUROPEAN ENERGY CONFERENCE. REITERATING CONCERN EXPRESSED BY YRJO-KOSKINEN, HE COMMENTED THAT POLITICAL CHARACTER OF THIS MATTER RENDERS IT UNSUITABLE FOR CONSIDERATION BY OECD.

D) TRADE - RANTANEN COMMENTED THAT PROPOSAL CONTAINED INTERESTING, USEFUL THEMES, BUT EXPRESSED CONCERN ABOUT RISK OF DUPLICATION OF ACTIVITIES OF THE ECE AND GATT. ( THIS WAS THE ONE AREA IN WHICH ECON COUNSELOR SENSED SOME SUCCESS IN REDUCING RANTANEN'S CONCERNS; RANTANEN AGREED THAT GATT HAD NEVER TAKEN UP THE SUBJECT EXCEPT IN AN UNSYSTEMATIC WAY IN THE COURSE OF CONSIDERING ACCESSION APPLICATIONS OF INDIVIDUAL EASTERN COUNTRIES, AND THAT WESTERN CAUCUS IN ECE CONFIDENTIAL

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LACKS ANY SECRETARIAT, SO THAT CHARACTER OF ECE ANALYSIS SUBJECT TO EASTERN PRESSURES).

E) TECHNOLOGY TRANSFER - RANTANEN CHARACTERIZED PROPOSALS AS "BADLY FORMULATED." HE COMMENTED THAT "PROBLEMS OF APPLYING R & D TO INDUSTRIAL PRODUCTION IN THE EAST" SOUNDS "PATER-NALISTIC" - LIKE SOMETHING OUT OF A UN DOCUMENT ON DEVELOPING COUNTRIES. HE PRAISED THE THIRD POINT CONCERNING OPPORTUNITIES FOR ACQUIRING EASTERN TECHNOLOGY.

F) FINANCE AND INVESTMENT - RANTANEN BELIEVES THAT THE OPERATION OF COMPENSATION ARRANGEMENTS PRESENTS SOME VERY REAL PROBLEMS AND IS A SUBJECT THAT MIGHT USEFULLY BE STUDIED, ALTHOUGH THE ECE HAD DONE SO EXTENSIVELY. HE DOUBTED THAT THERE WAS MUCH INTEREST IN ASSESSING EASTERN INVESTMENT IN THE

WEST BECAUSE OF THE SMALL SIZE OF SUCH INVESTMENT.

G) DEBT - RANTANEN HAD LITTLE TO SAY ON THIS.

H) SHIPPING - RANTANEN NOTED THAT SHIPPING WAS STUDIED IN THE CONSULTATIVE SHIPPING GROUP IN LONDON AND THE OECD MARITIME TRANSPORT COMMITTEE, RAISING THE POSSIBILITY OF DUPLICATION. HIS PRINCIPAL RESERVATION, HOWEVER, CONCERNS THE REFERENCE TO "COURSES OF ACTION THE OECD NATIONS SHOULD CONSIDER TO MEET THE SOVIET CHALLENGE," IMPLYING POLICY COORDINATION BY OECD NATIONS.

I) THIRD WORLD ISSUES - RANTANEN SAID THAT STUDIES IN THIS AREA COULD BE USEFUL, BUT EXPRESSED RESERVATIONS ABOUT APPROPRIATENESS OF ASSESSING IMPLICATIONS OF A GREATER EASTERN ROLE IN GLOBAL ECONOMIC DEVELOPMENT. HE MAINTAINED THAT IF THE EASTERN COUNTRIES ARE TO BE PUSHED TOWARD A GREATER ROLE IN THE THIRD WORLD IT SHOULD BE THE LDC'S THAT TAKE THE LEAD RATHER THAN THE OECD COUNTRIES.

4. RANTANEN CONCLUDED BY EXPRESSING UNHAPPINESS AT HAVING GIVEN MORE CRITICISM THAN PRAISE. HE SAID HE WOULD HAVE LIKED TO BE POSITIVE IN HIS APPROACH BUT COULD NOT BE ON THE BASIS OF PRESENT FORMULATION OF THE PROGRAM.

5. COMMENT: RANTANEN PERSONALLY HAS A GENERALLY WESTERN  
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OUTLOOK. IN THIS CASE, HOWEVER, SOME OF THE ELEMENTS OF USG PROPOSALS ARE AT VARIANCE WITH TONE OF FINNISH GOVERNMENT'S POLICY TOWARD USSR, AND TO FINNS TONE IS EXTREMELY IMPORTANT IN THIS VITAL POLICY AREA. WE SUGGEST THAT IF US DEL IS ABLE TO CONSIDER REFORMULATION OF PROGRAM ALONG LINES TAKING INTO ACCOUNT FINNISH SENSITIVITIES ABOUT GREATER OECD COOPERATION THAT THEY FEAR COULD LEAD TO FRICTIONS WITH USSR, IT CONSULT CLOSELY WITH RANTANEN. FINLAND'S ACCEPTANCE OF A PROGRAM WOULD REDUCE OR ELIMINATE RESERVATIONS ON THE PART OF OTHER NORDIC COUNTRIES.

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